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Summary record of the 19th meeting
Held at Headquarters, New York, on Tuesday, 29 November 2011, at 10 a.m.

Chair: Mr. Tommo Monthe ..... (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

Contents

Agenda item 134: Proposed programme budget for the biennium 2012-2013 (*continued*)

Information and communications technology

Third progress report on the enterprise resource planning project

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The meeting was called to order at 10.15 a.m.

Agenda item 134: Proposed programme budget for the biennium 2012-2013 (*continued*)

Information and communications technology (A/66/7/Add.1 and A/66/94)

Third progress report on the enterprise resource planning project (A/66/7/Add.1 and A/66/381)

1. **Ms. Casar** (Controller), introducing the Secretary-General's report on enterprise information and communications technology initiatives for the United Nations Secretariat (A/66/94), said that the four initiatives would improve enterprise information and communications technology (ICT) management, leverage knowledge through ICT, enhance ICT service delivery and create a resilient ICT infrastructure. The establishment of 14 new posts was proposed. Total resource requirements for the 2012-2013 biennium were $42,822,500, of which 15 per cent would be financed from the regular budget, 62 per cent from the support account for peacekeeping operations and 23 per cent from extrabudgetary resources. More specifically, $5.6 million would be financed under section 30, Office of Information and Communications Technology and $784,300 would be financed under section 29D, Office of Central Support Services. Under the support account for peacekeeping operations, $6.6 million would be financed as an additional appropriation for the period from 1 July 2011 to 30 June 2012 and future requirements estimated at $13.3 million and $6.6 million would be considered under the support account budgets for the financial periods from 1 July 2012 to 30 June 2013 and from 1 July 2013 to 30 June 2014, respectively; and an estimated amount of $9.8 million for the biennium 2012-2013 would be financed from extrabudgetary resources.

2. The delayed impact cost of establishing the 14 posts proposed was estimated at $2,325,600. Should the Assembly agree with the Secretary-General's proposals, it was requested to approve appropriations of $5,639,100 under section 30, Office of Information and Communications Technology, and $784,300 under section 29D, Office of Central Support Services, for a total of $6,423,400 under the proposed programme budget for the biennium 2012-2013, and an amount of $6,637,500 under the support account for peacekeeping operations for the period from 1 July 2011 to 30 June 2012.

3. Introducing the third progress report on the enterprise resource planning project (A/66/381), she said that the overall level of resources for implementation of the project, known as Umoja, remained unchanged at $315,792,300, which would be funded in accordance with the existing cost-sharing formula of 15 per cent from the regular budget, 62 per cent from the support account for peacekeeping operations and 23 per cent from extrabudgetary resources. It was estimated that a cumulative total of $121.3 million would have been expended on the project by the end of 2011. The Assembly was requested to take note of the progress report.

4. She recalled that the amount of $17,806,300, representing the regular budget share for the Umoja project, had been included under section 29A, Office of the Under-Secretary-General for Management, of the proposed programme budget for the biennium 2012-2013. The Assembly was also requested to note that requirements in the amount of $13,269,700 would be included in the same section of the proposed programme budget for the biennium 2014-2015 and that future remaining requirements in the estimated amount of $56,006,500 would be included in the support account requirements for the financial periods beginning from 1 July 2012.

5. **Mr. Banbury** (Assistant Secretary-General for Field Support), speaking in his capacity as a member of the Umoja Steering Committee, delivered a statement on behalf of Ms. Migiro, the Deputy Secretary-General. He said that the proposed ICT initiatives and the Umoja project were strategic priorities of the Secretariat. ICT was an engine for innovation that also provided a broad spectrum of capabilities needed to implement management reform. The Secretary-General was mindful of the fiscal constraints facing Member States and was also aware that questions had been raised about the timeliness of funding new ICT initiatives. The proposals currently before the Committee would yield significant qualitative and quantitative benefits in the long term and would improve ICT operations and other United Nations programmes. They would ensure the standardization and consolidation of ICT, which would ultimately help contain costs and speed up the implementation of strategic technology-intensive projects such as Umoja. If the Organization did not

invest in ICT now, operational costs would continue to rise and opportunities to achieve transparency, effectiveness and efficiency in the Secretariat's substantive work programmes and ICT operations would be lost. The ICT initiatives would, moreover, contribute to the Secretary-General's efforts to do more with less, which was imperative in the current economic climate.

6. Since the 2010 report on the status of implementation of the ICT strategy (A/65/491), the Secretariat had continued to implement its strategic programmes and operations to the best of its ability within the resources provided while striving to meet the Assembly's requests for revised proposals. The report currently before the Committee (A/66/94) was the outcome of those efforts. The amount set out under section 30, Office of Information and Communications Technology, of the proposed programme budget related to the resources required to maintain critical ICT operations at Headquarters and to discharge, on a limited basis, the mandate of the Office of Information and Communications Technology (OICT). The OICT budget had been declining steadily in recent years, despite the Office's new mandate and significant growth in demand for ICT services at Headquarters. OICT, which had been established in 2009 in a staff- and resource-neutral manner, had had to reallocate significant resources away from routine operations to fund the new high-priority strategic activities it was now required to perform. The continuing lack of resources not only impeded the Office's ability to fulfill its mandate but also posed significant risks for day-to-day operations at Headquarters that relied heavily on ICT. It was critical to provide the resources required to meet those essential demands.

7. While the Secretariat was fully aware of the tough economic climate, some funding would be essential in the coming years to achieve the goals of the ICT strategy and address urgent issues in the Organization's ICT environment. The proposal comprised four integrated ICT initiatives that had been developed in consultation with departments and offices and had been reviewed by ICT governance bodies, including the ICT Executive Committee. Such coordination would continue during implementation of the initiatives, which would provide foundational ICT capabilities that would allow implementation of the Secretariat's ICT strategy, address systemic problems and make the Organization more responsive, transparent and efficient.

8. Turning to the Umoja project, he said that it was a cornerstone of the Secretary-General's management reform agenda and would enhance accountability, transparency and internal controls by using state-of-the-art technology to manage human, financial and material resources and institute best practices. It would enable the Secretariat to carry out mandates more quickly and efficiently by providing a single global solution to replace the hundreds of disparate and outdated systems currently in use.

9. Despite progress and much hard work, Umoja had faced delays; full deployment was now projected for 2015 rather than 2013. Every effort was being made to put the project back on track: steps had been taken to accelerate implementation, including interim arrangements to strengthen governance. The Secretary-General would soon communicate to the General Assembly a renewed governance structure for the project. To further mitigate the impact of the delay, a phased approach consistent with the "pilot first" implementation endorsed by the Assembly had been developed. The first phase, known as Umoja Foundation, would begin in January 2013 and would be completed by the end of 2014. It would lay the core building blocks for the second phase, known as Umoja Extension, which would deliver the remaining functions by December 2015. The planned deployment would enable staff to begin using the new system by the end of 2013 and would allow the Organization to comply with the International Public Sector Accounting Standards (IPSAS) by the 2014 deadline. It would strengthen organizational acceptance by introducing staff gradually to new ways of working and managers would have greater control over deployment because fewer changes would occur at one time.

10. Umoja was projected to reduce expenditure on administrative support services by $139 million to $220 million annually. It would also yield qualitative benefits through increased operational effectiveness and timeliness; improved accountability; the adoption of international best practices and standards; enhanced transparency; higher client satisfaction; and better internal controls. The Secretary-General was requesting no additional resources for the biennium 2012-2013: the total projected cost of Umoja remained at $315.8 million and would be kept under review. The adjustments described would help ensure the proper

management of the project, overcome the delays, mitigate risks and costs, and ensure that the project was delivered with all the benefits envisaged.

11. **Mr. Kelapile** (Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/66/7/Add.1), said that the projected two-year delay in the implementation of Umoja, which would have an impact on IPSAS implementation, reflected a failure in management of the enterprise resource planning project and called into question the adequacy and effectiveness of its governance, decision-making and risk management structures. The situation demonstrated a lack of commitment to the project and insufficient cooperation and coordination throughout the Secretariat. The Advisory Committee therefore emphasized that lessons should be analysed and applied so as to avoid repeating the same mistakes in the future and that the Umoja Steering Committee had an important role to play in guiding implementation, supporting the Director and facilitating decision-making and the rapid resolution of issues.

12. All efforts should be directed towards putting the project back on track with a fully staffed team and all activities should be delivered as planned. Acknowledging the changes made to mitigate the effects of the delay and strengthen the Steering Committee, the Advisory Committee recommended that a permanent governance structure should be established as early as possible and that the new Project Director should be recruited without further delay. Key issues to be addressed included the timely recruitment of project staff and subject-matter experts and the securing of consultants with the appropriate expertise; the procurement of the services of the systems integrator for the following phase of the project; the establishment of an inventory of systems to be interfaced with or replaced by Umoja; and the identification of tasks to be completed by user departments. The Advisory Committee welcomed the collaboration with the World Food Programme and the decision to initiate a United Nations system-wide study on enterprise resource planning solutions.

13. The Advisory Committee accepted the priority accorded to IPSAS implementation during the first phase of Umoja. Member States' investment in the project had been justified, in part, by promised management improvements such as results-based management, risk management, strengthened internal controls, enhanced performance and accountability, and greater efficiency and effectiveness in programme management. Those improvements remained essential organizational goals that must be achieved within the budget approved for Umoja.

14. Turning to the Secretary-General's report on ICT initiatives (A/66/381), he said that the revised proposals it contained would avoid piecemeal implementation of the Organization's ICT strategy. While the structural review projects set out in a previous report (A/65/491) had been revised, the essence of the main proposals remained unchanged. Although the overall costs had been reduced, the proposed resources for the enterprise ICT initiatives still represented a significant outlay. Moreover, the Advisory Committee was not convinced that the entire range of proposed activities needed to be implemented simultaneously or that the Secretariat had the capacity to execute concurrently a large number of complex initiatives involving significant institutional change. Given the tight timetable for the adoption of IPSAS standards by 2014, the Secretariat should, to the extent possible, avoid launching major new initiatives and proceed with the gradual implementation of ongoing projects in order to allow for the absorption of lessons learned. The Advisory Committee therefore recommended that the Secretary-General should further reprioritize and reduce the scope of the activities envisaged for the biennium 2012-2013 under each of the ICT initiatives and identify features that could be postponed without negatively affecting ongoing activities or compromising return on investments already made.

15. Recognizing the need for direction and coordination of enterprise ICT infrastructure, the Advisory Committee recommended approval of the proposed post of Director of the Infrastructure Management Service at the D-2 level. It also recommended continuing the seven P-4 general temporary assistance positions approved by the Assembly in its resolution 65/259 to augment OICT capacity. Lastly, it recommended approval of resources equivalent to 50 per cent of the non-post resources proposed for the implementation of the four enterprise ICT initiatives. The Secretary-General proposed to carry out those initiatives over a four-year period from 2012 to 2015 and to fund them on the basis of the cost-sharing arrangement approved for Umoja. As noted in the Advisory Committee's first report on the proposed

programme budget for the biennium 2012-2013 (A/66/7), the regular budget share of those resources was not reflected under budgetary proposals for 2012-2013. Any additional resources approved by the Assembly would therefore represent additional requirements under section 30, Office of Information and Communications Technology, and section 29D, Office of Central Support Services, of the proposed programme budget for the upcoming biennium.

16. **Ms. Power** (Observer for the European Union), speaking also on behalf of the candidate countries Iceland, Montenegro and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania, Bosnia and Herzegovina, and Serbia; and, in addition, the Republic of Moldova and Ukraine, said that the European Union continued to support management reform and the modernization of the United Nations, including through the implementation of enterprise resource planning. A sustained commitment to Umoja was vital to achieve Organization-wide acceptance and realize the benefits of the new system. There was concern, however, that the project did not appear to be on the right track: the Secretariat should give priority to avoiding further delays, cost overruns and unproductive use of resources, and should ensure that Umoja was delivered within its approved budget of $315 million.

17. Governance of the project was also a matter of concern. The absence of a Director since May 2011 was too long for such a large and complex project. A solid and efficient permanent governance structure should be put in place for Umoja by the first part of the resumed sixty-sixth session of the General Assembly, at which time the Secretary-General should also report on the status of staffing.

18. In general, the European Union welcomed efforts to seek synergies and adopt common ICT standards and solutions within the Secretariat and across the United Nations system; it had doubts, however, about the feasibility of the proposals currently before the Committee. Out of concern about launching any significant new ICT projects before Umoja and IPSAS had been implemented, the European Union was of the view that each of the four initiatives should be scrutinized, their scope should be reduced and the proposed management structures should be scaled down accordingly. Moreover, the ICT and Umoja projects should not be intermingled, but should have appropriate individual implementation plans and governance structures.

19. Lastly, she expressed concern that the current proposals were being presented as add-ons to the regular budget and reiterated the European Union's position that measures should be taken to avoid a piecemeal approach to budgeting.

20. **Ms. White** (Australia), speaking also on behalf of Canada and New Zealand, said that the three delegations remained committed to ICT reform and the timely implementation of Umoja. To be effective, the United Nations required a comprehensive and strategic approach to ICT that was supported by all levels of the Organization.

21. In the six years since its approval by the Assembly, the Umoja project had been plagued by delays. Unfortunately, the recruitment of the right experts for the job was a hurdle that Member States had come to expect. However, they had not expected the current governance issues, which should have been addressed by senior management before they adversely affected the project. The anticipated two-year delay reflected a failure of management and would have an impact on other important projects, such as IPSAS implementation.

22. She welcomed the Secretary-General's proposal to implement a revised ICT strategy at a reduced cost to address the fragmented nature of the ICT environment. However, in difficult economic times, it was insufficient merely to assert that the strategy would have long-term benefits: Member States required more specificity regarding its outcomes. The delegations for which she spoke would look closely at the proposals to ensure that the promised gains could be realized within an appropriate budget envelope.

23. **Mr. Dettling** (Switzerland), speaking also on behalf of Liechtenstein, said that the two-year delay in the Umoja project had resulted from failures at different levels. The unexpected departure of the Project Director had deprived it of the necessary oversight that would have allowed the Steering Committee to address problems in a timely manner. He therefore supported the Advisory Committee's recommendation that the factors contributing to the delay should be analysed and lessons should be learned.

24. More dynamic leadership and rigorous governance of the project could have mitigated the problems encountered. The Secretary-General should review the governance structure to define appropriate accountability mechanisms and in the interim the Steering Committee should do its utmost to put the project back on track. Given the centrality of Umoja to management reform and IPSAS implementation, the Secretary-General should ensure that Umoja was implemented within the new deadlines and the project should have the active and concerted support of all stakeholders.

25. Given the difficulties with implementation of the Umoja project, the Secretariat should be prudent about launching new large-scale ICT initiatives. While the two delegations were convinced that ICT was crucial for improving management methods, they would seek clarification as to the scope of the proposed initiatives and whether they reflected immediate needs.

26. **Mr. Sul** Kyung-hoon (Republic of Korea) said that the anticipated two-year delay in implementation of the Umoja project was regrettable, considering the potential cost ramifications and the impact on IPSAS implementation. Every effort should be made to put the project back on track and deliver it within the approved timeline and budget.

27. Despite the Organization's estimated annual expenditure on ICT of $774 million, ICT environments and processes had been criticized for their fragmentation and lack of standardization. Member States had a responsibility to provide the Secretariat with the necessary tools and resources if they wished to hold it responsible for the efficiency and effectiveness of the Organization. His delegation endorsed the four ICT initiatives proposed, although the current economic difficulties might make it impossible to provide all of the resources requested. As recommended by the Advisory Committee, the Secretary-General should reprioritize the activities envisaged for the biennium 2012-2013 and identify those that could be postponed.

28. **Mr. Okochi** (Japan) expressed concern at the two-year delay in the implementation of Umoja. Given its important for IPSAS implementation and the significant resources already invested, it would be inadvisable to abandon the project. The Secretariat should focus on Umoja to ensure that it was implemented by 2015 within its current budget of $315 million. The high vacancy rate among staff and subject-matter experts should be addressed immediately.

29. Greater coherence and coordination in the management of ICT resources would yield significant benefits. However, given the need for budgetary discipline, ICT projects should be further prioritized. His delegation would seek clarification from the Secretariat not only on the benefits of the proposed projects but also on the feasibility of executing a large number of complex management reform initiatives concurrently.

30. **Mr. Torsella** (United States of America) said that his delegation, which continued to support the Umoja project as a foundational building block for United Nations reform, found it disconcerting that the third progress report (A/66/381) described actions to address issues that should have been avoided with better planning and leadership and was concerned that the final product would be less capable and more costly than planned.

31. Studies had shown that the three main causes of failed implementation of enterprise resource planning were lack of commitment by top management; poor project design and management; and miscalculation of the time and effort required. It appeared that Umoja might be exhibiting warning signs. First, senior management had shown inadequate commitment to the project. The Steering Committee should be chaired by an executive sponsor who would be personally responsible for ensuring the success of the project. That individual, who should be appointed by the first part of the resumed sixty-sixth session of the General Assembly, should have knowledge of enterprise resource planning projects and the United Nations culture and should be given broad executive authority.

32. Second, the revised implementation approach and timeline appeared to provide a course for getting Umoja back on track but failed to address potential contingencies or anticipate new challenges. In addition, his delegation continued to have concerns regarding future cost overruns and unmet expectations, given the lack of revised financial analysis to support the Secretary-General's assertion that the project would be completed at a cost of $315 million and would deliver the anticipated benefits. A complete analysis of potential risks, revised projected quantitative benefits and associated costs to be borne by United Nations

departments and peacekeeping missions should be provided to the Assembly by the second part of its resumed sixty-sixth session.

33. Third, full implementation of Umoja by the end of 2015 would require the synchronization of multiple activities on a strict timeline. He wished to know how long it would take to hire the new Project Director and secure the services of a systems integrator, on which the overall success of the project would depend. Furthermore, his delegation was concerned that unless critical staffing gaps were addressed immediately, particularly in the area of subject-matter and software experts, the revised timelines would again prove unachievable.

34. The report on enterprise ICT initiatives (A/66/94) presented credible solutions, particularly to overcome the fragmentation of ICT resources. His delegation was not convinced, however, that additional resources were required for that purpose. Proposed add-ons to the programme budget should be limited to new mandates that truly could not be achieved within the approved budget; the current ICT proposals did not respond to a new mandate from the General Assembly and should have been included in the budget proposal. The $6.4 million requested represented a 13.1 per cent increase over the 2010-2011 appropriation for OICT, whereas other United Nations entities had cut their budgets by an average of 3.7 per cent. Savings from the effective use of current resources should be demonstrated before additional requirements for new initiatives were considered. The Chief Information Technology Officer had the authority to employ existing OICT resources and cooperate with ICT directors to provide harmonized, improved and efficient ICT activities throughout the Secretariat.

35. **Mr. Prokhorov** (Russian Federation) said that Member States had sought to minimize fragmentation in ICT operations by establishing OICT. His delegation was therefore concerned that the Office had itself adopted a fragmented approach with a series of proposals that involved a significant financial outlay.

36. The enterprise resource planning project had been presented as the cornerstone of management reform. Consequently, it was a matter of great concern that implementation of the project would be delayed by two years, that it had been without a Director since June 2011 and that the Under-Secretary-General for Management had resigned as chair of the Umoja Steering Committee. He concurred with the Advisory Committee that the project suffered from a lack of leadership and oversight. Moreover, the Secretary-General had made no effort to hold anyone accountable for the action or inaction that had caused the delay. He trusted that the Secretariat would ensure that Umoja was implemented within the approved budget.

37. To determine the actual benefits of reforms, it was necessary to quantify the resources that would be freed up as a result of the changes in ICT management and the implementation of Umoja; decisions concerning the use of those resources were the prerogative of the General Assembly.

38. **Mr. Banbury** (Assistant Secretary-General for Field Support), responding to the concerns raised by delegations, said that the Umoja team was acutely aware of the challenges facing the project in terms of delays, performance capabilities and costs, and was committed to addressing them.

39. **Ms. Casar** (Controller) said that she had listened carefully to delegations' financial concerns and undertook to ensure that the financial information provided to the Committee was accurate and reliable.

40. **The Chair** said that the second report of the Secretary-General on United Nations reform (A/57/387) had underlined the need to invest in ICT. Member States had welcomed the appointment of a Chief Information Technology Officer tasked with addressing the fragmentation of the ICT system. While the concerns about fragmentation and the delay in implementation of Umoja were legitimate, it was imperative for the United Nations to keep up with rapid developments in ICT. Despite the difficult financial situation, it was important to recognize,. as the Advisory Committee had done, that the Organization should be given the necessary tools to remain competitive in the twenty-first century.

The meeting rose at 11.50 a.m.